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PREPARATION OF A SUCCESSOR AGREEMENT TO THE INTERNATIONAL COCOA AGREEMENT, 1986

Draft proposal submitted by the President of the Conference on the financing of the withholding scheme and on the price range

Article 25

Financing of the price-stabilization mechanisms

1. In order to finance the price stabilization operations of the Agreement, a price-stabilization account shall be established to receive regular income in the form of a levy on the exports and imports of cocoa of exporting and importing countries. The levy shall be equivalent to US $ 8 a tonne for each tonne of cocoa exported and US $ 8 a tonne for each tonne of cocoa imported.

2. Countries, if they so wish, may substitute the levy by direct contributions of an equivalent amount.

Article 26

Costs to be charged to the price-stabilization account

1. The costs of operating the withholding scheme as established in Article 39 shall be charged to the price-stabilization account.

2. The cost of maintaining the buffer stock shall be met from the monies transferred from the buffer stock account under the International Cocoa Agreement, 1986 as well as, where appropriate taking into account paragraph 11 bis of article 40, from arrears in levy payments under that Agreement, and from proceeds of sales of defective cocoa.

Article 33

Structure of the price range

1. There shall be established, for the operation of this Agreement, a price range structured as follows:

(a) an upper intervention price of SDR 1560 per tonne;

(b) a median price of SDR 1300 per tonne;

(c) a lower intervention price of SDR 1040 per tonne.

Article 40

Withholding scheme

11. The costs of storage and of rotation for cocoa withheld in approved warehouses shall be reimbursed from the price-stabilization account. Such costs shall cover the period between the time the withheld cocoa enters into storage and the time it is released. The cost of storage shall consist of warehouse rent and insurance, fumigation and interest. Such reimbursement per tonne shall not exceed the average of such costs for cocoa currently held in the buffer stock and shall be fixed annually by the Council at its second regular session.

11 bis. Where a country withholding cocoa is in arrears with its levy payments under the International Cocoa Agreement, 1980 and 1986, the costs of storage and of rotation for cocoa withheld in approved warehouses shall be borne by that country and deducted from the amount of its arrears, the balance of which shall be payable in annual instalments during the life of this Agreement.